



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION III  
1650 Arch Street  
Philadelphia, Pennsylvania 19103-2029

NOV 09 2016

Ms. Debra McCarty  
Commissioner  
Philadelphia Water Department  
1101 Market Street  
Philadelphia, Pennsylvania 19107

Re: Philadelphia Combined Sewer Overflow Long Term Control Plan Update

Dear Ms. McCarty:

The United States Environmental Protection Agency (EPA) and the Philadelphia Water Department (PWD or City) have had extensive discussions on a number of areas related to the PWD CSO Long Term Control Plan Update (LTCPU). This letter is intended to document and clarify EPA's expectations for a revised Financial Capability Assessment (FCA), for the water quality monitoring and modeling that is currently underway, and necessary changes to the LTCPU that will enable PWD to meet an 85% equivalent mass load capture in each of the city's three combined sewer systems (CSSs).

In March 2016, EPA, PWD, and the Pennsylvania Department of Environmental Protection (PADEP) met to continue discussions on the City's FCA. Based upon subsequent conversations with the City, it was determined that revisions to the FCA should be made in the event that changes to the implementation schedule of the LTCPU are proposed, or when changes to the LTCPU are requested by EPA or PADEP or proposed by PWD. When a revised FCA is necessary, PWD will need to submit a revised FCA that follows EPA's "Combined Sewer Overflows Guidance for Financial Capability Assessment and Schedule Development (Final)". EPA and PWD have had extensive discussions on the current FCA and areas that need to be addressed for it to be compliant with the guidance. Any revised FCA submitted by PWD needs to address the following concerns:

1. The current and future costs in the City's revised FCA should only be those costs that the City will charge customers in the City of Philadelphia for:
  - the City Collection System,
  - treatment of City wastewater,
  - the proportion of debt service or cash financed capital expenditures relevant to City wastewater service,
  - administrative costs allocated to City customers, including billing and customer service.

The City's current and future costs should exclude all costs the City is recovering or expects to recover from its wholesale communities as provided for in existing contracts, or estimated for



those communities without revised contracts. The City should provide a detailed accounting schedule showing the basis for its calculation of City costs, including the computation of the costs recovered from wholesale communities broken out by current costs and future costs.

2. The revised FCA should include all households (as defined by the United States Census Bureau) in the City of Philadelphia including buildings with four or more units using GIS and/or census data, and reflect the Median Household Income for those households.

PWD has developed several water quality models, as required under the state Consent Order and Agreement (CO&A). By year 10, PWD's October 30, 2021 Evaluation and Adaptation Plan is required to begin using the models to evaluate receiving water quality conditions. EPA considers the 10-year time frame a check-in point for understanding the models' predictions regarding receiving water quality impacts of the proposed 25-year program. The monitoring and modeling efforts should inform the need to target the City's efforts, and to make necessary changes to the LTCPU in order to achieve water quality goals.

Finally, EPA has revised its 308 Information Requirement (enclosed) that was submitted to PWD on December 31, 2015. The revisions are intended to reflect the understandings that we have reached during our discussions, provide additional guidance as to expectations, and to adjust the deadline for your response.

If you have any questions regarding these matters, please contact David McGuigan of my staff, at (215) 814-2158. We look forward to continuing to work with you on your CSO control efforts.

Sincerely,



Jon M. Capacasa, Director  
Water Protection Division

Enclosure

cc: David Katz, PWD  
Dana Aunkst, PADEP  
Andy Hartzell, PADEP  
Jenifer Fields, PADEP